

Date: October 20, 2015
To: Thomas J. Bonfield, City Manager
Through: W. Bowman Ferguson, Deputy City Manager
From: Steven W. Hicks, Director, General Services Department

Subject: Proposed sale of various easements to 101 West Chapel Hill Street Partners, LLC

Executive Summary

101 West Chapel Hill Street Partners, LLC (Partners) has requested to purchase a variety of easements on city-owned parcel # 103057 (the Property), which is located at 101 S. Corcoran Street and is currently used as a parking lot. Partners will pay \$8,997.10 as compensation for these easements (Easements), which are as follows:

1. An access and utility easement covering 328.10 square feet;
2. An access easement covering 15 square feet;
3. An access and awning easement covering 16 square feet;
4. An awning easement covering 55.20 square feet;
5. Two utility easements covering 99.82 total square feet.

Partners owns the parcel located at 101 West Chapel Hill Street, Durham, NC, parcel # 103099, which is adjacent to the Property. Partners plans to renovate the buildings on its parcel to create first-floor retail and restaurant space and second-floor office space (the Project). Construction of Partners' Project as designed would require the Easements being granted by the City.

N.C.G.S. §160A-273 states, in part, that "[a] city shall have authority to grant easements over, through, under, or across any city property...."

Recommendation

The General Services Department recommends that City Council 1) pursuant to N.C.G.S. §160A-273, authorize conveying the following easements to 101 West Chapel Hill Street Partners, LLC for compensation totaling \$8,997.10: a) an access and utility easement covering 328.10 square feet; b) an access easement covering 15 square feet; c) an access and awning easement covering 16 square feet; d) an awning easement covering 55.20 square feet; and e) two utility easements covering 99.82 total square feet; 2) authorize depositing \$8,997.10 into the Corcoran Street Parking Garage revenue account; and 3) authorize the City Manager to sell and the City Manager or the Mayor to convey the easements by non-warranty deed.

Background

In December 2014, Partners purchased 101 W. Chapel Hill Street, the former location of Kimbrell's Furniture. Partners plans to renovate both of the buildings located on the property.

One building will house Mothers & Sons restaurant and Lucky's Deli on the first floor and office space on the second floor. The second building will feature retail space on the first floor and office space on the second floor.

Partners needs the proposed Easements to accommodate certain Project features, including HVAC units, utilities meters, and access to doorways.

Issues and Analysis

The proposed access and utility easement will not affect current use of the Property as a parking lot. This area will accommodate HVAC units serving Partners' property, as well as two (2) doorways located at the rear of the building. The doors and HVAC units will not affect the Property's parking spaces or the loading/unloading zone used by nearby buildings.

The proposed utility easements will not affect current use of the Property as a parking lot. This area will include gas meters, an electric meter, and two (2) exhaust hoods necessary for one of the restaurant spaces. These items will not affect the Property's parking spaces or the loading/unloading zone used by nearby buildings.

The proposed access easement will not affect current use of the Property as a parking lot. This area will house one (1) set of double doors at the rear of Partners' property and will not affect either the Property's parking spaces or the loading/unloading zone used by nearby buildings.

The proposed access and awning easement will not affect current use of the Property as a parking lot. This area will feature one (1) door at the rear of Partners' property, with an awning above the door to provide both protection from the elements and attractive aesthetic detail. The doorway and the awning will not affect the Property's parking spaces or the loading/unloading zone used by nearby buildings.

The proposed awning easement will not affect current use of the Property as a parking lot. The awning will extend over new storefront windows, adding enhanced visual appeal to the corner of Partners' property. The awning will not affect either the Property's parking spaces or the loading/unloading zone used by nearby buildings.

Staff calculated the purchase price for the proposed Easements using the Real Estate Division's current practice for valuation of easements.

\$35.00	Approximate dollar value per square foot based on the value of property sold nearby in downtown
X 514.12	Square footage for the proposed Easements
\$17,994.20	Subtotal at Fee Simple Value
\$8,997.10	Total Partners will pay for the proposed Easements, which are valued at 50% of the fee simple value

Alternatives

City Council could decide not to authorize the sale of the proposed Easements to Partners. This alternative is not recommended because granting the Easements serves a public purpose by facilitating the Project's completion, which would result in spaces available for lease by the types of businesses typically patronized by the public.

Financial Impact

The City will receive compensation from Partners totaling \$8,997.10, which will be deposited in the Corcoran Street Parking Garage revenue account (account 58004201-642010).

Partners will be responsible for payment of all closing costs.

SDBE Summary

This item does not require review by the Equal Opportunity/Equity Assurance Department.

Attachments

Aerial view of parcels' locations

Plat entitled, "Exempt Easement Plat Property of 101 West Chapel Hill Street Partners, LLC"